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MILK MARKET INFORMATION  
CHATTANOOGA TENNESSEE MARKETING AREA

September 1960

Number 2

Volume 5

Released Pursuant to \$1000.27 (j) and \$1000.85, USDA-AMS  
Federal Order No. 100, 3756 Ringgold Road, Chattanooga 11, Tennessee  
J. B. McCroskey, Market Administrator

MARKET SUMMARY SEPTEMBER 1960

The Chattanooga Order Minimum uniform producer price is \$4.84 per cwt. f.o.b. pool plants for milk containing 4.0% butterfat. The producer butterfat differential is 7.6 cents for each one-tenth of one percent above or below 4.0 percent.

During September 84.0% of the total producer milk was priced in Class I at \$5.14 per cwt. with a butterfat differential of 7.7 cents and 16.0% was priced in Class II at \$3.50 with a butterfat differential of 7.0 cents. The percent of producer skim and butterfat priced in Class I was 84.4% and 73.3% respectively.

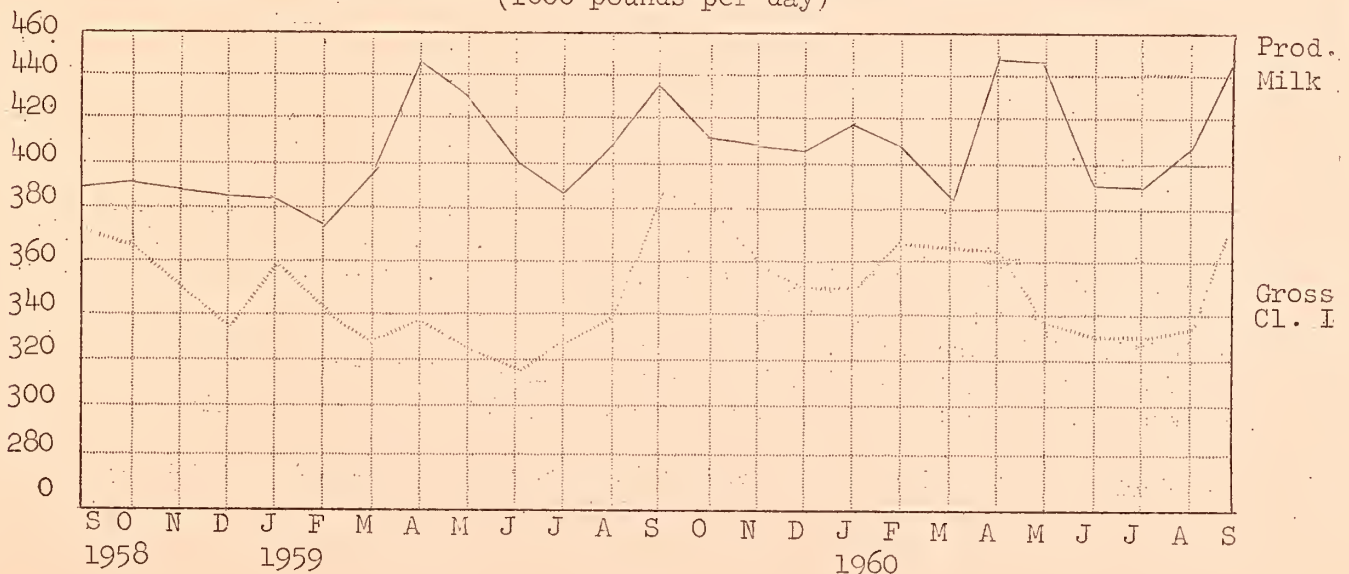
The daily average delivery of producer milk during September increased 11.6% compared with August and increased 3.4% compared with September 1959. The daily average use of Class I milk increased 14.9% compared with August and decreased 1.7% compared with September 1959.

During September handlers received a daily average of 453,783 pounds of producer milk from 707 producers as compared with 438,703 pounds of producer milk from 732 producers during September 1959. Milk delivered from farm bulk tank producers during September was 393,259 pounds daily or 86.7% of total producer milk compared with September 1959 bulk milk which was 320,192 pounds daily or 73.0% of total producer deliveries.

NUMBER OF FARM PAYROLL ACCOUNTS

	1959				1960								
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Can	246	218	203	198	185	178	167	164	162	157	152	141	130
Tank	486	503	513	515	528	526	534	538	535	538	538	559	577
Total	732	721	716	713	713	704	701	702	697	695	690	700	707
New	5	4	2	3	5	1	0	3	0	2	3	17	21
Quit	15	15	7	6	5	10	3	2	5	4	8	7	14

DAILY AVERAGE PRODUCER RECEIPTS COMPARED TO GROSS CLASS I UTILIZATION  
(1000 pounds per day)



## COMPARISON OF GROSS MILK RECEIPTS AND UTILIZATION

	Sept. '60	Aug. '60	Sept. '59
Number of Plants (Pool and Non-Pool)	18	19	19
GROSS RECEIPTS (DAILY)			
Producer Milk - Cans	60,524	63,205	118,511
Producer Milk - Bulk Tank	393,259	343,311	320,192
Total Producer Milk Pounds	453,783	406,516	438,703
% Sept. '60 compared with	100.0	111.6	103.4
Other Source Milk Pounds	4,259	13,865	10,389
Other Order Milk Pounds	6,915	4,622	26,612
<u>TOTAL RECEIPTS MILK POUNDS</u>	<u>464,957</u>	<u>425,003</u>	<u>475,704</u>
% Sept. '60 compared with:	100.0	109.4	97.7
GROSS UTILIZATION (DAILY)			
Class I Milk Pounds:			
Fluid Milk	311,148	277,216	295,173
Buttermilk	38,839	37,644	39,325
Chocolate Milk	9,514	9,677	9,464
Fluid Skim	9,602	8,702	8,867
Fluid Creams	2,399	2,448	2,215
Bulk to Non-Handlers	11,555	55	35,845
Class I Shrinkage	3,385	1,259	2,621
Inventory Reclassification	(162)	(812)	(356)
Overstated Sales	-	(12)	(4)
Total Class I Milk	386,280	336,177	393,150
% Sept. '60 compared with:	100.0	114.9	98.3
Class II Milk Pounds (Used to Produce)			
Butter	4,028	3,246	1,276
Cottage Cheese	12,670	16,224	13,953
Powdered and Condensed Milk	31,673	37,968	30,156
Ice Cream	20,453	20,008	21,554
Inventory Variation	(1,710)	508	1,299
Other	11,563	10,872	14,316
Total Class II Milk	78,677	88,826	82,554
% Sept. '60 compared with:	100.0	88.6	95.3
<u>TOTAL UTILIZATION CL.I AND CL.II MILK LBS.</u>	<u>464,957</u>	<u>425,003</u>	<u>475,704</u>
% Producer Milk of Gross Class I	117.5	120.9	111.6
% Producer Skim of Gross Class I Skim	116.8	120.3	111.1
% Producer Butterfat of Gross Class I Butterfat	135.5	139.0	125.6
% Producer Milk Priced in Class I	84.0	81.5	82.6

## OCTOBER 1960 CLASS I MINIMUM PRICE COMPUTATION INCLUDING SUPPLY-DEMAND ADJUSTMENT

	Oct. '60	Sept. '60	Oct. '59
Basic Formula (See page 4)	\$3.58	\$3.45	\$3.57
Plus (\$ 1000.51 (a) (1))	1.75	1.75	1.75
Supply-Demand Adjustment	(0.14)	(0.06)	(0.18)
Class I Price, 4.0% Butterfat	\$5.19	\$5.14	\$5.14
Per \$ 1000.51 (a)			

Supply-Demand Comparison: 1st and 2nd preceding months: August and September

Supply: Lbs. Producer Milk (Aug. 12,602,002 and Sept. 13,613,486) 26,215,488

Demand: Lbs. Net Class I Milk (Aug. 10,305,407 and Sept. 11,440,890) 21,746,297

Utilization Percentage: Producer milk divided by Class I 121

Standard Utilization Percentage: Range 110-114 114

Net Deviation Percentage: Utilization minus Standard Utilization plus 7

Supply-Demand Adjustment: 2 cents x 7 percentage points minus \$0.14

Since the supply in relation to the demand is more than the desired standard, the price is decreased 14 cents per hundredweight (2 cents x 7 percentage points).



SUMMARY OF COMPUTATION OF UNIFORM PRODUCER PRICES FOR SEPTEMBER 1960  
Based on 18 plant reports prior to audit

	Class %	Milk Pounds	Butterfat Test-%	Cwt. Price @ Test	Value
Gross Class I		11,588,407	3.568		
Less Other Source		157,304	1.670		
Producer Milk Class I	84.0	11,431,103	3.594325	\$4.827630	\$551,851.36
Gross Class II		2,360,316	6.459		
Less Other Source		177,933	1.656		
Producer Milk Class II	16.0	2,182,383	6.851089	5.495762	119,938.58
TOTAL PROD. (Cl. I + Cl. II)	100.0	13,613,486	4.116418		671,789.94
Add Fractional Adjustment					.02
Add Compensatory Payment Value		6,869		0.30	20.61
Add Overage Value					31.82
Add Inventory Reclassification Value					17.42
Add $\frac{1}{2}$ Producer-Settlement Fund Reserve					5,067.64
TOTAL VALUE AT TEST		13,613,486	4.116418		676,927.45
Less Test Over $\frac{1}{4}\%$ @ 7.6¢ per point		13,613,486	.116418	0.088478	12,044.94
TOTAL VALUE AT $\frac{1}{4}\%$		13,613,486	4.0	4.883999	664,882.51
Less Producer-Settlement Fund Reserve		13,613,486		.043999	5,989.80
UNIFORM PRICE f.o.b. POOL PLANT - $\frac{1}{4}\%$		13,613,486	4.0	4.84	658,892.71

SEPTEMBER 1960 MINIMUM PRODUCER PRICES CWT. f.o.b. CHATTANOOGA POOL PLANT (0-65 Mile Zone)  
BUTTERFAT DIFFERENTIAL 7.6¢ PER POINT (EXCLUDES PREMIUMS)

TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE	TEST	PRICE
3.0%	\$4.08	3.6%	\$4.536	4.2%	\$4.992	4.8%	\$5.448	5.4%	\$5.904
3.05	4.118	3.65	4.574	4.25	5.03	4.85	5.486	5.45	5.942
3.1	4.156	3.7	4.612	4.3	5.068	4.9	5.524	5.5	5.98
3.15	4.194	3.75	4.65	4.35	5.106	4.95	5.562	5.55	6.018
3.2	4.232	3.8	4.688	4.4	5.144	5.0	5.60	5.6	6.056
3.25	4.27	3.85	4.726	4.45	5.182	5.05	5.638	5.65	6.094
3.3	4.308	3.9	4.764	4.5	5.22	5.1	5.676	5.7	6.132
3.35	4.346	3.95	4.802	4.55	5.258	5.15	5.714	5.75	6.17
3.4	4.384	4.0	4.84	4.6	5.296	5.2	5.752	5.8	6.208
3.45	4.422	4.05	4.878	4.65	5.334	5.25	5.79	5.85	6.246
3.5	4.46	4.1	4.916	4.7	5.372	5.3	5.828	5.9	6.284
3.55	4.498	4.15	4.954	4.75	5.41	5.35	5.866	5.95	6.322

MILK SAMPLES TESTED - Composite 120, Fresh 5,691, Finished Products 203.

CORRECT NAME FOR 1961 MILK BASES

Producers are reminded that under the Order a new base is established each year. The daily base of each producer will be computed by the office of the Market Administrator by dividing the total pounds of milk received by all pool plants from such producer during the months of September through January by the number of days from the first day milk is received from such producer during said months to the last day of January, inclusive, but not less than 120 days. Under the Order, the base established by the producer is used in calculating the uniform prices to be paid for base and excess milk deliveries during the following months of March through July. Producers (particularly partnerships) are urged to see that their names are correctly listed with the handler receiving their milk. A BASE WILL NOT BE TRANSFERRED WITHOUT WRITTEN APPLICATION BEING RECEIVED BY THE MARKET ADMINISTRATOR. THE TRANSFER MUST BE SIGNED BY BASEHOLDER AND THE PERSON TO WHOM SUCH BASE IS BEING TRANSFERRED.

## SUMMARY OF CHATTANOOGA ORDER MILK PRICES (4 PERCENT MILK)

Month	PRODUCER UNIFORM PRICES <sup>1/</sup>				HANDLER CLASS PRICES <sup>1/</sup>			
	Per Hundredweight				Class I		Class II	
	Uniform	Base	Excess	Bf.Dif.	Cwt.	Bf.Dif.	Cwt.	Bf.Dif.
Sept. '59	\$4.77	-	-	7.6¢	\$5.04	7.8¢	\$3.57	7.2¢
Oct.	4.94	-	-	8.0	5.14	8.2	3.59	7.2
Nov.	5.08	-	-	7.8	5.36	8.1	3.67	7.4
Dec.	5.12	-	-	8.0	5.48	8.3	3.57	7.1
Jan. '60	4.96	-	-	7.6	5.34	8.0	3.38	6.7
Feb.	4.96	-	-	7.2	5.26	7.5	3.21	6.7
Mar.	5.07 <sup>2/</sup>	\$5.18	\$3.15	7.4	5.25	7.5	3.19	6.7
Apr.	4.93 <sup>2/</sup>	5.18	3.05	7.2	5.40	7.5	3.09	6.7
May	4.73 <sup>2/</sup>	4.96	3.02	7.2	5.34	7.5	3.06	6.7
June	4.83 <sup>2/</sup>	4.98	3.02	7.2	5.23	7.5	3.06	6.7
July	4.84 <sup>2/</sup>	5.03	3.02	7.2	5.25	7.5	3.06	6.7
Aug.	4.83	-	-	7.4	5.26	7.5	3.09	6.3
Sept.	4.84	-	-	7.6	5.14	7.7	3.50	7.0
Oct.	-	-	-	-	5.19	8.0	-	-

## SUMMARY OF PRICES USED IN DETERMINING CLASS PRICES

Month	AVERAGE QUOTATIONS				ALTERNATIVE FORMULAS				Highest or Basic Formula \$-cwt-4%
	Mid-West Cond.	Chi. 92° Butter	Chi. Area Powders	Wisc. Cheese	(\$-cwt-4%)				
	\$-cwt-3.5%	¢ Lb.	¢ Lb.	¢ Lb.	Mid-West Cond.	Butter Cheese	Butter Powder	4 Tenn. Milk Mfg.	
Sept. '59	3.015	62.730	12.890	31.692	3.39	3.36	3.57	3.10	3.57
Oct.	3.098	62.360	13.070	31.875	3.50	3.35	3.59	3.13	3.59
Nov.	3.146	63.930	13.025	33.688	3.54	3.45	3.67	3.18	3.67
Dec.	3.154	61.870	13.190	34.750	3.55	3.38	3.57	3.20	3.57
Jan. '60	3.128	57.962	13.250	34.750	3.51	3.20	3.38	3.21	3.51
Feb.	3.119	57.976	13.205	34.750	3.48	3.20	3.38	3.21	3.48
Mar.	3.095	57.970	13.070	34.750	3.47	3.20	3.38	3.19	3.47
Apr.	3.032	57.974	12.975	32.350	3.39	3.16	3.35	3.09	3.39
May	2.998	57.944	12.800	32.000	3.36	3.15	3.34	3.06	3.36
June	3.000	57.974	12.755	32.000	3.36	3.15	3.35	3.06	3.36
July	3.014	57.988	12.710	32.000	3.37	3.16	3.35	3.06	3.37
Aug.	3.076	59.041	12.720	33.062	3.45	3.22	3.40	3.09	3.45
Sept.	3.202	61.280	12.780	36.600	3.58	3.38	3.50	3.23	3.58

## SUMMARY OF RECEIPTS AND USE (DAILY AVERAGE)

Month	GROSS MILK POUNDS 3/					Number		Deliveries Per			Prod.
	Gross	Prod.	Prod.	Base	Gross	of		Farm--Pounds			Milk
	Cl. I	Cl. I	Repts.	Repts.	Repts.	Hdlr.	Prod.	Prod.	Base	Exc.	Test %
Sept. '59	393,150	362,439	438,703	-	475,704	19	732	599	-	-	4.13
Oct.	387,831	374,731	415,281	-	436,355	19	721	576	-	-	4.30
Nov.	361,259	349,558	410,745	-	429,673	19	716	574	-	-	4.46
Dec.	353,852	349,128	409,090	-	423,765	19	713	574	-	-	4.45
Jan. '60	356,801	352,832	418,023	-	428,334	19	713	586	-	-	4.41
Feb.	365,338	358,744	411,790	-	428,440	19	704	585	-	-	4.39
Mar.	364,784	360,301	388,659	369,056	412,314	19	701	554	526	28	4.43
Apr.	364,153	359,231	443,629	393,158	457,813	19	702	632	560	72	4.18
May	335,921	331,315	444,105	390,854	460,542	19	697	637	561	76	4.16
June	327,707	322,535	390,062	360,265	406,688	19	695	561	518	43	4.11
July	326,948	322,517	391,607	354,529	408,773	19	690	568	514	54	4.06
Aug.	336,177	331,283	406,516	-	425,003	19	700	581	-	-	4.07
Sept.	386,280	381,037	453,783	-	464,957	18	707	642	-	-	4.12

<sup>1/</sup> Excludes Premiums<sup>2/</sup> For statistics only<sup>3/</sup> Other Source is Gross minus Producer; Class II is Receipts minus Class I;  
Excess is Producer minus Base